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ARTICLES:

- (1) What will become of Japan's defense with US Democratic victory?
Decisions on security affairs must not be postponed

SANKEI (Page 15) (Excerpts)
November 15, 2006

By Keishi Saeki, professor, Kyoto University

The US midterm elections ended with a major victory for the Democrats. As was admitted by President Bush, the outcome seems to reflect public criticism of his administration's Iraq policy. But the Democrats do not have any effective counterproposals, either. Given the situation, "Republican self-destruction" seems a better description than "Democratic victory."

The Democratic victory will inevitably affect America's policy toward North Korea, a "rogue state." The quagmire in Iraq suggests greater confusion in the Far East following a collapse of the Kim Jong Il regime by US military action. The US seems to want to avoid dealing with North Korea as long as possible, while making concessions to China.

The previous Koizumi administration totally supported America's Iraq war on the reasoning that the North Korean issue would require America's cooperation.

Needless to say, a nuclear North Korea is a grave concern for Japan. At present, Japan needs to rely on the United States for its security. But if the US turns its foreign policy inward and puts high priority on maintaining the power balance with China and Russia, will Japan still be able to ensure its security with an enhanced alliance with the United States? To begin with, the approach of solely relying on America's nuclear deterrent without getting its hands dirty raises major ethical questions.

Chances are high that the United States will end up with a Democratic president in 2008. It is a mistake to entrust Japan's security to an emotional, unstable American democracy. Japan must

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not postpone its decision forever on whether or not to possess nuclear weapons. Although autonomous defense is a mid- to long-term subject, Japan must begin discussions immediately.

(2) Editorial: Japanese lawmakers must continue to call for nuclear disarmament

ASAHI (Page 3) (Full)
November 15, 2006

Some Liberal Democratic Party members are still calling for debate on a nuclear option in reaction to the fact that a neighbor now possesses nuclear weapons. They seem to be missing the point. They should discuss what must be done to eliminate nuclear weapons from the world.

Japan has been playing a leading role in presenting nuclear disarmament resolutions to the United Nations. This year, Japan presented another draft resolution condemning North Korea's nuclear test that won support from 169 member countries in a UN First Committee session. The General Assembly is expected to adopt the resolution in early December.

Some might call nuclear disarmament a pipe dream, an idealistic theory. Putting high priority on the disarmament process, the draft resolution calls for pragmatic measures while spelling out the determination to completely rid the world of nuclear weapons.

It is imperative to stop the trend of nuclear proliferation -- commonly called the "nuclear domino effect" -- and create a reverse trend toward nuclear reduction and disarmament. The draft resolution calling for a reverse trend carries great significance.

North Korea's nuclear test following India and Pakistan was shocking. But that does not mean the nonproliferation system has collapsed. Steady efforts are underway across the world to stop nuclear proliferation.

In September this year, five countries, including Kazakhstan, Uzbekistan, and Kyrgyzstan, signed the Central Asia Nuclear Weapon

Free Zone (NWFZ) Treaty, vowing not to produce or possess nuclear weapons. The treaty has established the fifth NWFZ following Latin America, the South Pacific, Southeast Asia, and Africa.

Although there still remain many impediments before the treaty takes effect, the expression of their determination for denuclearization should be welcomed.

The environment surrounding East Asia is extremely severe. The North Korean nuclear test has diminished chances for the denuclearization of the Korean Peninsula. But there is no other option but to persistently press the North to abandon its nuclear programs.

We find it difficult to understand that the United States keeps opposing nuclear disarmament resolutions. Ironically enough, all UN members except for North Korea, India, and the United States supported the resolution this year. This will prompt the world to become more distrustful of the United States.

The United States should ratify the Comprehensive Nuclear Test Ban Treaty and shift its policy toward disarmament.

Revamping the damaged nonproliferation setup is also an urgent task.

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First, more countries need to accept an additional protocol for increasing the inspection capability of the International Atomic Energy Agency. Second, in order to prevent nuclear materials from being used for military purposes, an international system to control uranium enrichment and plutonium extraction must be considered.

The government plans to make the reprocessing plant in Rokkasho Village, Aomori Prefecture, fully operational. Japan should propose an international management system to enhance nonproliferation rather than to move forward independently.

Although the North Korean nuclear test has disrupted moves for nuclear disarmament, the denuclearization spirit is very much alive. We would like to see Japanese lawmakers conduct sound discussion against all odds instead of going along with the nuclear domino argument.

(3) Column Kakushin (Kernel): Will the LDP reinstate postal rebels without following party rules or must there be just cause

TOKYO SHIMBUN (Page 3) (Full)
November 15, 2006

In the ruling Liberal Democratic Party (LDP), the focus is now on the question of why the party should reinstate the so-called "postal rebels," as well as on how to do it and who should be let it. The postal rebels bolted the LDP after voting against the government-sponsored postal-privatization bill at last year's regular Diet session. Until recently, many in the LDP believed that the party should allow them to return without principle in order to expand the party's strength as it goes into the next summer's election. Looking back at past cases of the LDP reinstating former members, the newspaper posits how this issue might be resolved.

Of the 405 LDP members of the Diet, 55 lawmakers or 13.5% rejoined the party after having left it. The largest group are lawmakers who left the LDP to join new political parties following the major political realignment in the early 1990s. This group includes Diet Affairs Committee Chairman Toshihiro Nikai and Hajime Funada, who defected from the party along with Ichiro Ozawa (who is now president of the main opposition party, Minshuto (Democratic Party of Japan)) to create Shinseito (Japan Renewal Party) that later became the Shinshinto (New Frontier Party). The group also includes Hiroyuki Sonoda, who helped establish the now defunct New Party Sakigake.

The 55 also include lawmakers not backed by the LDP in an election, but after winning seats on their own, were allowed to immediately join the party. There are others who were allowed to rejoin the LDP after a certain period of time, such as Yasutoshi Nishimura, who was

brought back in one year after winning a seat in the 2003 Lower House election.

According to those who rejoined the LDP, they were no conditions for their return. Under the party rules, when members bolt the party or are kicked out, they need to first obtain approval of their local chapters and then be examined by the Party Ethics Committee before being reinstated. However, many of the 55 said that they did not remember going through any procedures. It seems that the party rules were not strictly applied.

The reason why the unconditional reinstatements went unmentioned is that the motivation was simply to expand party strength.

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The LDP made an utmost effort to ask former members to rejoin it during 1996 - 1997. After falling into the opposition camp in 1993, the LDP was able to recover its ruling party status by allying with the Japan Socialist Party (name changed in 1996 to Democratic Socialist Party) and New Party Sakigake. In order to stabilize further its political base, the LDP made efforts to urge each Shinshinto member to rejoin, aiming at securing a single-party majority in the Lower House.

Actively recruiting former party members or new party members have helped the LDP's revitalization.

A common tactic, too, is for the LDP to tacitly back independent candidates running in elections, then let them join the party when they were elected.

A mid-level lawmaker who joined after winning a Diet seat as an independent said: "The LDP president and senior party officials apologized to me for having denied me the party's official endorsement."

How then will the LDP deal with the issue of reinstating the postal rebels? Takeo Hiranuma, a former trade minister, who can be said to represents that group, has called on the LDP to allow all rebels to rejoin without conditions, including former lawmakers who were defeated in last year's Lower House election.

However, Prime Minister Shinzo Abe plans to reinstate some of them before the end of this year. The reason is that Mikio Aoki, chairman of the LDP caucus in the House of Councillors, is determined that cooperation of postal rebels, who represent single-seat constituencies, is absolutely necessary for the party to win next summer's Upper House election.

But if the LDP goes along with the reinstatement without applying party rules, voters in favor of the party's reform policy line might reject such an idea. Secretary General Hidenao Nakagawa therefore insists that a "rationale" is necessary. He is trying to have postal rebels make a "loyalty" pledge to Prime Minister Abe by expressing their approval of postal privatization.

The question is whether the postal rebels will insist on the "old LDP's" common practice, or whether Abe, who advocates a "new LDP," will enforce new rules. Nakagawa and Hiranuma will engage in negotiations after the Okinawa gubernatorial race on Nov. 19.

(4) GDP ups for seven straight quarters; Concern about slow down in personal consumption; No increase in income despite brisk business performance

YOMIURI (Page 9) (Almost Full)
November 15, 2006

The Cabinet Office yesterday released a report that the real growth rate of GDP for the July-September quarter remained in the plus territory for seven straight quarters, marking 2.0% in annual terms. The result confirmed the solid economic climate led by the corporate sector. In the meantime, growth of personal consumption declined for the first time in two quarters. Economic recovery relying on foreign

demand has apparently taken over the recovery driven by domestic demand until now. It is almost certain for the economic expansion to continue into the 58th month in November, surpassing the Izanagi

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business boom in the high-growth period of the Japanese economy. However, the economic outlook is not so optimistic as it looks.

Drop in remunerations for employees

Sales at all outlets of Mitsukoshi, a major department store, for the July-Sept. quarter dropped from the previous year's level. In particular, sales in July declined 5.0% due to a delay in sales of summer clothing because of a long spell of rainy weather. Daimaru Department Store Chairman Tsutomu Okuda commented: "The delay in the end of the rainy season in the Kansai District affected sales of seasonal commodities. In particular, sales of women's wear have been sluggish. Department stores are all having a tough time."

Personal consumption in the July-Sep. quarter moved into the negative column for the first time in two quarters, marking a 0.7% decline from the preceding quarter. It is the lowest level since the Oct.-Dec. quarter in 2004. Due to the unusually cool summer, sales of home appliances, such as air conditioners, and domestic tourism, were also at a low ebb. Backlash from the growth of sales of flat-screen TVs brought about by the Soccer World Cup was also seen.

However, the slowdown in personal consumption does not appear to be a temporary phenomenon. The salaries of corporate employees in the July-Sept. quarter moved into the minus territory for the first time in seven quarters, marking a 0.1-point drop from the preceding quarter in real terms. Their income has come to a standstill.

The government and the Bank of Japan have a scenario in which the economic recovery in the corporate sector will spread to the household sector. However, State Minister in charge of Economic and Fiscal Policy Ota expressed concern during yesterday's press conference, "I would like to find out why corporate performance is not leading to increased wages."

Capital investment slows down

Though corporate capital spending bolstering domestic demand was solid in the reporting period, posting a 2.9% increase over the previous quarter, the rate of growth slowed, compared with a 3.7% increase in the Jan.-Mar. quarter and an 3.5% increase in the Apr.-June quarter.

An increasing number of companies are now taking a cautious stance toward investment into plants and facilities. TDK, whose sales of electronic parts for electronic appliances are doing well, has decided to promote its production plan in a cool-headed manner, while monitoring an order-intake situation, as its PR office revealed. Its capital investment plan for this fiscal year stands at 70 billion yen or 95% of the previous year's track record.

The Cabinet Office on the 10th revealed that orders received for machinery -- demand from the private sector for goods other than vessels and electric power - dropped 11.1 points from the previous quarter, showing the greatest rate of decline since April 1987. It is said that ordered machines will be delivered in about six months' time. Since the orders received will not be reflected in capital investment in GDP terms until that point, this time lag will negatively affect capital investment statistics in the Jan.-Mar. quarter or later in 2007.

The Shinko Research Institute noted that of 4,900 companies, whose

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current profits showed black figures in their midterm report through Sept. 30, 2006, 40% did not make an upward revision to their

full-year estimates. This is because they are unable to fathom the future of the exchange market and high crude oil prices.

Exports booming

The 2% annual growth rate for the reporting period was brought about by booming exports, which saw a 2.7% increase over the previous quarter. China-bound electronic parts and automobiles for the US were firm. Exchange gains due to the weak-yen trend also boosted corporate performances.

With imports dropping 0.1% due to sluggish sales of summer clothes, the extent of the contribution of foreign demand after deducting imports from exports stood at 0.4%.

However, a number of experts take this view as a senior Cabinet Office official noted, "If the US economy slows sharply, it will put a dent on exports by Japanese companies, dealing a blow to their earnings." The US economy's GDP for the July-Sept. quarter this year posted a slight increase of 1.6% over the preceding quarter in annual terms. This is the lowest growth since the Jan.- Mar. quarter in 2003. Foreign demand, the last resort for the Japanese economy, remains uncertain.

(5) Economic policy panel member Yashiro to call for bold review of Worker Dispatch Law

ASAHI (Page 2) (Full)
November 15, 2006

In an interview with the Asahi Shimbun yesterday, International Christian University Professor Naohiro Yashiro, a private-sector member of the Council on Economic and Fiscal Policy, indicated his intention to call for a sweeping review of the Worker Dispatch Law as a key element in the labor Big Bang designed to reform the labor market. Specifically, he stressed the need to extend the period of contract for temporary workers and to abolish the obligation on companies hiring temporary workers to employ them as permanent workers. Regarding permanent workers, as well, Yashiro deemed it necessary to relax the current regulations on dismissal in order to increase flexibility in workforce turnover.

The labor Big Bang is one of the seven major areas of "creativity and growth" designated by the Abe administration as needing reform on a priority basis. Yashiro is an expert on labor economics. In order to achieve economic growth, Yashiro said, "The key lies in creating a cross-cutting, flexible labor market." Under the current Worker Dispatch Law, the period of contract is limited, and employers are urged to hire dispatched temporary workers as permanent employees. Yashiro said that these measures have actually worked to encourage companies to end contracts with nonpermanent workers and to destabilize job security for them. The labor economic expert then suggested that extending the period of contract and other deregulatory measures would contribute to ensuring job security for dispatched temporary workers.

Asked about the disparities between permanent and nonpermanent workers, Yashiro cited the need to facilitate the dismissal of permanent workers by including in the Employment Contract Law such measures as settling dismissal-related problems with money and relaxing the conditions for dismissal.

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(6) Poll on Abe cabinet, political parties, educational reform, reinstatement of postal rebels

ASAHI (Page 4) (Full)
November 14, 2006

Questions & Answers

(Figures shown in%, rounded off. Bracketed figures denote proportions to all respondents. Parentheses denote the results of a previous spot survey conducted Oct. 9-10 unless otherwise specified.)

Q: Do you support the Abe cabinet?

Yes	53	(63)
No	21	(14)

Q: Why? (One reason only. Left column for those marking "yes" on previous question, and right for those saying "no.")

The prime minister is Mr. Abe	22(11)	5 (1)
It's an LDP-led cabinet	22(12)	36 (8)
From the aspect of policies	28(15)	46(10)
No particular reason	26(14)	12 (3)

Q: Which political party do you support now?

Liberal Democratic Party (LDP)	38	(42)
Democratic Party of Japan (DPJ or Minshuto)	14	(14)
New Komeito (NK)	3	(2)
Japanese Communist Party (JCP)	2	(2)
Social Democratic Party (SDP or Shaminto)	1	(1)
People's New Party (PNP or Kokumin Shinto)	0	(0)
New Party Nippon (NPN or Shinto Nippon)	0	(0)
Other political parties	0	(0)
None	34	(33)
No answer (N/A) + don't know (D/K)	8	(6)

Q: It's been one month and a half since Mr. Abe became prime minister. What do you like best about Mr. Abe so far? (One choice only)

His political stance, approach	12
His efforts for educational reform	13
His visits to China, South Korea	23
His response to North Korea's nuclear test	23
Nothing in particular	27

Q: What do you think is bad about Mr. Abe? (One choice only)

His political stance, approach	10
His efforts for educational reform	21
His visits to China, South Korea	3
His response to North Korea's nuclear test	13
Nothing in particular	47

Q: Do you think Mr. Abe has appropriately accounted for his political beliefs and ideas? (Parentheses denote the results of a spot survey taken Sept. 20-21.)

Yes	31	(38)
No	55	(42)

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Q: The LDP is now moving ahead to reinstate lawmakers who were ousted from the LDP because they opposed postal privatization. Do you support reinstating them in the party?

Yes	32
No	47

Q: There will be an election for the House of Councillors in the summer of next year. Do you think things will turn out to the LDP's advantage in the election if they are reinstated in the party?

Yes	23
No	24
Neither yes nor no	46

Q: The Abe cabinet is giving top priority to revising the Basic Education Law. A government-introduced bill revising the law, which stipulates education's objectives and ideals, such as loving the country, is now before the Diet and is expected to pass the House of Representatives soon. Do you support the government bill to revise the law?

Yes	42
No	22
Not interested	18

Q: Are you interested in the current state of education from elementary school to high school?

Yes	82
No	15

Q: What's the matter of primary concern to you about school education? (One choice only)

Academic decline	11
Declining morals and manners	42
Bullying	19
Teachers' lack of leadership ability	23

Q: When you went to school, was anyone bullied in your school?

Yes	62
No	35

Q: Do you think bullying at schools today is more serious than in those days?

Yes	79
No	14

Q: Some of the nation's high schools skipped compulsory subjects students must take to graduate. On this matter, MEXT has decided to give supplementary lessons for shorter hours to students who have failed to take the classes of compulsory subjects. What do you think about this? (One choice only)

Appropriate	46
Too severe	10
Too lenient	35

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Q: Internal Affairs and Communications Minister Suga has ordered NHK to take up North Korea's abduction of Japanese nationals on a priority basis in its international radio broadcasting. This is the first time for the government to issue such a specific order. It is lawful to have NHK broadcast at the government's order. However, there is also concern about violating the freedom of broadcasting. Do you support the order issued this time?

Yes	46
No	35

Q: (Only for those who answered "yes" to the foregoing question) Why? (One choice only)

Because the abduction issue is important	85	(39)
Because there is no legal problem about the internal affairs and communications minister issuing the order	12	(5)

Polling methodology: The survey was conducted Nov. 11-12 over the telephone on a computer-aided random digit dialing (RDD) basis. Respondents were chosen from among the nation's voting population on a three-stage random-sampling basis. Valid answers were obtained from 1,753 persons (51%).

DONOVAN